

Housing and Infrastructure Board

18 January 2022

Programme Approvals

Is the paper exempt from the press and public?	No
Purpose of this report:	Funding Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:
Gareth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):
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Executive Summary

This paper requests approval to enter into contract for one BHF (Brownfield Housing Fund) project, subject to conditions set out in the assurance summary. The paper also requests the Board recommend one GBF (Getting Building Fund) and Gainshare funded project for full MCA approval. Finally, the paper recommends changes for one approved scheme.

What does this mean for businesses, people and places in South Yorkshire?

This report is seeking approval to progress business cases and enter into contract for a number of investment proposals which will support the Mayoral Combined Authority's (MCA's) aspirations.

Recommendations

The Board consider and approve:

1. Progression of "Century BIC" project to the MCA for full approval of £2.6m Getting Building Funding/Gainshare to RMBC (Rotherham Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix A

2. Full approval of “Goldthorpe Residential Strategy – Market Site 1” project for £0.23m Brownfield Housing Funding to BMBC (Barnsley Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix B
3. Approval of one project change for “Malthouses” which is requesting changes to an approved Brownfield Housing Fund project.
4. Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the “Malthouses” and “Goldthorpe Residential Strategy – Market Site 1” schemes covered at number 2 and 3 above.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Assurance Panel

07 January 2022

Assurance Panel

06 December 2021

Assurance Panel

20 December 2021

1. Background

- 1.1 In June 2020, the Government launched ‘A New Deal for Britain’ which is a key part of the support the post-pandemic economic recovery across the UK. As part of this strategy, £40.3m of capital funding and £0.84m revenue funding was allocated to the MCA to support the development of housing schemes on brownfield land up to the end of March 2025. A further £33.6m Getting Building Funding was awarded for “shovel ready” infrastructure schemes which were able to have an immediate impact in priming investment in local areas.
- 1.2 This report seeks FBC (Full Business Case) progression and approval of two schemes funded through a mixture of Getting Building, Gainshare and Brownfield Housing Funding. The report also seeks approval for one change request for an already approved project.

2. Proposals and Justification

2.1 Full Business Case (FBC) Approvals

The Rotherham based ‘Century BIC’ project detailed in Appendix A seeks a further £2.6m following an initial approved investment of £2m in October 2020. A further £1m gainshare funding was provisionally approved in March 2021 with the remaining £1.6m requested from GBF. Changes to working behaviours arising from the pandemic has precipitated a change in the project design with a refocus on manufacturing workshop space generating additional cost. The GBF change request has been considered and approved by government. The assurance summary includes conditions which it is recommended be met during contracting.

As this proposed investment is above the £2m thematic board approval threshold, this report is seeking a recommendation from the Housing and Infrastructure Board for the MCA to approve contract award. Further detail for the scheme is held in Appendix A.

- 2.2 Approval is also sought for the authority to enter into contract for the Brownfield Housing Fund “Goldthorpe Residential Strategy – Market Site 1” project (£0.23m), subject to a number of conditions. The project is based in Barnsley and the

assurance summary includes those conditions which it is recommended should be met during contracting. Further detail on the scheme is held in Appendix B.

2.3 Approval of One Change Requests

In recognition of unforeseen circumstances that can arise during the project delivery phase, the approved Assurance Framework establishes a formal process for the acceptance of change requests. These change requests could be financial, requiring reprofiling of funds, or could be to amend deliverables or timescales.

This report recommends approval of a change to the grant award value for the 'Malthouses' Brownfield Housing Fund scheme arising from unavoidable cost inflation. Details of the change request can be found in Appendix C.

3. Options Considered and Recommended Proposal

2.1 Do not approve the recommendations in this report.

2.2 Option 1 Risks and Mitigations

Inability to approve the projects presented may result in a slower pace of delivery and loss of activity/spend within the funding programmes.

2.3 Option 2

Award projects a smaller amount of grant funding.

2.4 Option 2 Risks and Mitigations

All funding awards associated with the projects have been fully appraised in line with the MCA Assurance Framework to ensure value for money. Any projects approved to develop FBC's will have their costs and funding tested on submission of their FBC. Funding for these projects is timebound by the funding bodies and any reductions is likely to cause deliverability issues for the projects.

2.5 Option 3

Approve all recommendations

2.6 Option 3 Risks and Mitigations

In approving the recommendations, projects will continue to develop and will be represented at a future Board meeting for a final decision on entering into contract for grant funding. Any Board considerations can be taken on board during the continued development of the projects.

2.7 Recommended Option

Option 3

3. Consultation on Proposal

3.1 Project sponsors are required to publish business cases on their own websites (or an appropriate summary of the submission) and must consider all comments received and reflect this in the next stages of the application process.

4. Timetable and Accountability for Implementing this Decision

- 4.1 Subject to the approval of the recommendations, the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer will progress to enter into legal agreements with each promoter.

5. Financial and Procurement Implications and Advice

- 5.1 Challenging financial targets are set for the Brownfield Housing Fund and Getting Building Fund. Whilst some shortfall is anticipated against the Getting Building Fund 21/22 financial target, projects are underway and expected to conclude in 22/23 with the Government up to date on progress. The Brownfield Housing Fund is currently aiming for £15m in contract by the end of March 2022 against a £20m expenditure target.

6. Legal Implications and Advice

- 6.1 The legal implications of the projects have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed within the Assurance Summaries as presented in the Appendices.
- 6.2 Prior to awarding the grants, the MCA shall ensure contracts are put in place to ensure the recipients comply with the grant conditions

7. Human Resources Implications and Advice

- 7.1 N/A

8. Equality and Diversity Implications and Advice

- 8.1 Appropriate equality and diversity considerations are taken into account as part of the assurance of the project business cases

9. Climate Change Implications and Advice

- 9.1 The Goldthorpe scheme will deliver homes to the Barnsley Low Carbon Standard, incorporating air source heat pumps, solar PV, EV charging points, PV battery storage, triple glazing, secure cycle storage. The Century BIC scheme is being delivered on serviced plots on an existing business park, with the road infrastructure and capacity designed from the outset to be capable of accommodating the anticipated increase in vehicle movements associated with the plots coming forward. The build is expected to achieve a BREEAM sustainability assessment rating of 'Very Good'.

10. Information and Communication Technology Implications and Advice

- 10.1 N/A

11. Communications and Marketing Implications and Advice

- 11.1 The approvals provide positive opportunities to highlight the difference the MCA's investments will make to people and passengers, businesses and places across

South Yorkshire and how Members are taking action to support the region's recovery from COVID

List of Appendices Included*

- A Assurance Summary – Century BIC
- B Assurance Summary – Goldthorpe Residential Strategy – Market Site 1
- C Project Change Request – Malthouses

Background Papers

None